



Sacgasco Limited

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Announcement to ASX

21 December 2020

Borba Operations Update-Conductor Installed

- Cellar, Surface Conductor, Rat and Mouse Holes installed;
- Next stage of Borba Drilling planned to commence in late January 2021;
- Farmout in final stages of negotiation to fund balance of Borba drilling; Resource Report on Borba well to be released shortly thereafter;
- Red Earth oil acquisition proceeding according to plan with firming oil price.

Sacgasco Limited (ASX: SGC) (“Sacgasco” or “the Company”) is pleased to announce that installation of the Cellar, drilling and installation of the 20 inch surface conductor pipe to 50 feet depth, and drilling of the Rat and Mouse Holes were completed last week in readiness for the mobilizing of Graham Drilling’s Rig 9. This work was completed despite the stringent measures put in place to help manage the spread of COVID-19 in California.



Fig. 1: Borba 1-7 Well Cellar Construction

The Borba 1-7 well will be drilled to test multiple stacked 3D seismic anomalies in the interval from 3,200 feet (975 metres) to 9,500 feet (2,800 metres) depth and finish in Basement rocks. The prospective interval covers around 6,300 feet (1,920 metres).

The well will be drilled from an all-weather drilling and production pad, with a small directional component to optimise the intersection of the multiple seismic anomalies on 3D seismic. The well is expected to take some 25-35 days to drill..

The well will be drilled with Graham Drilling’s Rig 9, the largest capacity rig in the area and will require a 10,000 psi rated control stack on the 9 5/8” casing below 6,000 feet. The well will have 3 strings of protective pipe.

The Working Interests in the Borba 1-7 well are currently:

Sagasco Limited (Operator) (ASX: SGC) 76%
 Xstate Resources Limited (ASX: XST) 24%

Farmout and funding discussions to reduce Sagasco's Working Interest exposure are advanced to enable Sagasco to implement its plans to recommence drilling operations in late January. Sagasco expects to retain at least a 51% working interest in the Borba Area of Mutual Interest (AMI).

A Resource Report by an independent party is being finalised and will be released once final working interests are settled prior to commencement of drilling.

The Red Earth Alberta Canada oil acquisition previously announced is proceeding according to plan. Production remains at around 1000 BOPD (300 BOPD net to SGC), while oil prices have increased more than 15% to over Canadian \$62 per Barrel since the acquisition was announced.

Sagasco's Managing Director Gary Jeffery commented:

"Sagasco continues to progress drilling preparation for the exciting and highly prospective Borba target. Borba is the logical next step in unlocking the world class potential of the older sediments in the Sacramento Basin.

Investors and shareholders are reminded of the similarities between our Sacramento Basin leases and the recent success achieved in the older and much deeper sediments of the Perth Basin. There is an unsatiated 7 Bcf/day gas market in California which imports over 90% of its natural gas from Canada and other US states. Natural Gas in California continues to realize premium prices and we have immediate access to established infrastructure. Interest from third parties wishing to participate in the drilling of Borba is significant and we will finalise a working interest structure that maximizes leverage for Sagasco shareholders first and foremost.

We are also pleased to confirm that the Red Earth oil project is performing well and production is tracking just above the previously reported 1,000 BOPD. With the crude price tracking higher, the value of this asset continues to grow and it has lots of upside."



Fig 2 Borba Cellar and Rat Hole

For and on behalf of the Board of Sacgasco Limited.

Gary Jeffery
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About Sacgasco Limited (ASX: SGC)

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Sacgasco's strategy is to find, acquire and develop undervalued and under-developed opportunities connected to materially under supplied oil and gas markets across the world.

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities.

The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America. Sacgasco is of the view that the size of the prospects in California have the potential to supply both domestic Californian natural gas and export LNG markets, including those in Asia.

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This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they and or their timing may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 47 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Jeffery is a member of the American Association of Petroleum Geologists. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.